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Frank J. Gumper  
Vice President  
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EX PARTE OR LATE FILED



November 19, 1998

**Ex Parte**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45  
Forward-Looking Mechanism for High Cost Support for Non-Rural LECs,  
CC Docket No. 97160**

Dear Ms. Salas:

Please enter the attached letter to Mr. Larry Strickling, Chief, Common Carrier Bureau into the record for the above-referenced proceeding.

In accordance with Section 1.1206(a)(1) of the Commission's rules, an original and one copy of this notice are being submitted to the Secretary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank J. Gumper".

Mr. Frank Gumper

Attachment

cc: J. Schlichting  
C. Wright

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November 20, 1998



Mr. Larry Strickling  
Federal Communications Commission  
Chief, Common Carrier Bureau  
1919 M Street, NW  
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45  
Forward-Looking Mechanism for High Cost Support for Non-Rural LECs,  
CC Docket No. 97160

Dear Mr. Strickling:

On October 28, 1998, the Commission released an order adopting a computer "platform" for a cost proxy model that it intends to use to quantify universal service support for non-rural local exchange carriers. In the next stage of the universal service proceeding, the Commission plans to adopt inputs for the model, including customer locations and cost factors.

Bell Atlantic is concerned that this process is moving along without adequate validation of the computer model. While the Commission has explained why it believes that the model is correct in theory, it has not shown that the actual results of the model are rational, or correspond to real-world conditions.

A fundamental requirement of any proxy model is that it should represent a network that could actually serve customers in a given area. It is impossible to determine if the Commission's model meets this requirement, because the Commission has not identified a publicly-available source of "geocode" data providing the latitude and longitude of each customer location. In the comment cycle in this proceeding, Bell Atlantic used "surrogate" geocode data provided by the Commission for the state of Maryland to assess the proposed model platform. Bell Atlantic's analysis demonstrated unexplainable anomalies between the customer line counts and loop lengths produced by the model and actual data for the same wire centers. However, because the surrogate geocode data did not represent actual customer locations, Bell Atlantic could not determine whether, or to what extent, the anomalies were due to the lack of accurate geocode data or to shortcomings in the model.

The Commission's order states that geocode data maintained by PNR Associates are available for review, and that parties may comment upon and suggest improvements to the accuracy of that database. However, in practice that database is inaccessible. PNR maintains

that the database is proprietary, and it refuses to provide copies to outside parties. Any parties wishing to use the database must travel to PNR's location in Pennsylvania, use PNR's computers, and pay \$3,000 per computer, per day. Because of the complexity of the Commission's proxy model platform, it is not possible to test the results for more than a few states in a single day. Moreover, since the geocode data must remain on PNR's premises, it is very difficult to compare it to other sources of geocode data to test its accuracy for more than a small sample.

The Commission's reliance on proprietary PNR geocode data violates its own finding that a cost proxy model and all underlying data must be available to all interested parties for review and comment (Federal-State Joint Board on Universal Service, 12 FCC Rcd 8776, & 250 (1997)), and it contradicts the Commission's reasons for rejecting certain aspects of the BCPM model for its use of proprietary data. At the recent convention of the National Association of Regulatory Commissioners, several members of the Federal-State Joint Board on Universal Service expressed concern that the model platform and its results have not been made available for their evaluation. We share that concern.

Because of these limitations, the Commission has not provided the public with an adequate opportunity to test the validity of the model or the accuracy of the geocode database. This violates the Administrative Procedure Act, which requires the Commission to provide notice and an opportunity for public comment prior to issuing rules. *See* 5 U.S.C. Section 553. The Commission should provide a copy of the model platform, together with a publicly-available copy of geocode data, and allow a reasonable amount of time for testing and comment, before adopting it as the basis for the universal service fund

Because no party has been able to validate the model, it is impossible to determine whether the model will accurately identify high-cost areas, and at which level of aggregation. This is not an academic issue. If the model produces inaccurate results, potentially hundreds of millions of dollars of universal service support will be misdirected. Moreover, as Commissioner Furchtgott-Roth has pointed out, it has not been shown that any proxy model is capable of determining the absolute cost of service to a particular area. At best, a proxy model may be used to identify relative differences among areas for purposes of distributing funds among the states. In addition, the Commission should make it clear that the model cannot be used for other purposes, such as determining the prices of access services or interconnection.

Sincerely,



Frank Gumper

cc: J. Schlichting  
C. Wright